

REPORT

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SUPPLEMENT TO
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1. On 15 November 1954 Heinrich Rau, Minister for Machine Construction, issued an order to the effect that the 1955 Plan figure for the "factory result" (Betriebsergebnis) of all enterprises under the Ministry for Machine Construction is to be increased by 200 million DME. ~~This was done~~
~~The SED's order was initiated by the policy set forth in the 21st Plenum of the Central Committee of the SED which convened prior to~~
15 November 1954.

25X1

2. Rau made it clear at the same time that the planned 1955 production was not to be increased in spite of the planned increase of the profits¹. Increase of production is impossible because additional raw materials are not available. As a result the machine construction industry will be forced--and according to the plans of the Central Committee and the Government, is intended to be forced--to make higher profits without increasing the volume of production. This can only be obtained, as is realized by the East German Government, through a decrease of the total costs of wages and salaries. In other words, the enterprises under the Ministry for Machine Construction will be forced in 1955 to lay off workers because the wages and salaries will not be reduced. This, in turn, will result in an increase of the workers performance per capita, i.e. the work norms are bound to increase.

25X1

the Government was fully aware that its policy could only be carried out through dismissal of workers and increase of work norms. He made the statement that " the general opinion that the work norms must be kept as they are and are not to be touched, has become obsolete". 25X1

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3. Upon Rau's orders, a study was made in the Ministry for the purpose of determining how many workers must be dismissed in order to carry out the prescribed policy of the Ministry. The result was that a minimum of 20,000 workers directly engaged in production (Produktionsarbeiter) would have to be released in 1955. Furthermore 36,000 "Jugendfacharbeiter" (apprentices who have completed their apprenticeship terms) are also to be dismissed in 1955. Definite dates for the dismissal of this latter category have already been set.

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- a. 10,000 of them are to be dismissed in February 1955.
- b. 26,000 of them are to be dismissed in September 1955.

25X1

4. Since the East German economy and the policy of the East German Government do not provide for the existence of unoccupied persons the workers to be dismissed must be transferred to other activities. The situation, however, in enterprises under the jurisdiction of other Ministries, however, is essentially the same as in the enterprises under the Ministry for Machine Construction. The chances that workers dismissed from the machine construction industry will be absorbed by other industrial sectors are therefore extremely slim. Agricultural employment and employment in the construction sector can only afford temporary relief. As a result of this situation, the East German Government

Volkspolizei is to be carried out in all enterprises under the Ministry for Machine Construction.

ILLEGIB

Comment. [REDACTED] profit is in most cases identical with the [REDACTED] result.

25X1

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25X1

-2-

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